Employee Benefits Report

600 N. Front St.
Wormleysburg, PA 17043
Phone: 717-761-0393
Fax: 717-761-0395
www.wevins.com

Gerry "Buzz" Wevodau
gerry@wevins.com
Connie Caka
connie@wevins.com
Sara E. Schweitz
sara@wevins.com
Keith D. Goddard
keith@wevins.com

WEVODAU INSURANCE & BENEFIT STRATEGIES, INC.

Administration October 2015 Volume 13 • Number 10

Keys to a Smooth Open Enrollment

Open enrollment can overwhelm even the most seasoned benefits manager. But the time when employees can make changes to their benefits plans doesn't have to be a time of stress.

Open enrollment for individual health plans begins on November 1 for plans that start on January 1, 2016. However, small businesses can enroll in Small Business Health Options Program (SHOP) plans at any time. The SHOP Marketplace is open to employers with 50 or fewer full-time equivalent employees (FTEs), including non-profit organizations. Large employers can hold open enrollment periods at any time of the year, although most choose year-end.

continued on next page

This Just In

In August, the IRS issued an announcement clarifying tax treatment of identity protection services employers provide to employees after a data breach. If the employer provides identity protection services to an employee due to a data breach of the recordkeeping systems of the employer (or its agent or service providers), the employer does not have to include the value of those services in the employee's taxable income and wages. If the employer provides identity theft services as part of an employee compensation package, then the value of those services will be included in taxable income.

ID theft protection benefit programs vary, but may include credit monitoring, case manager help with identity recovery and reim-

continued on next page

Open enrollment is a great opportunity to introduce new tools and resources to a captive audience, and it's the perfect time to help employees become better healthcare consumers all year long. Here are some tips for making the best of your open enrollment season.

- Focus on communication. Change is a big deal, so you need to develop and implement a strategy early to prepare employees for what's coming. Employees need time to digest information, and you need time to reinforce it on a regular basis. Deploy a multi-channel communications campaign spread over time. Use a strategic combination of print, Web, email and face-to-face communication at open enrollment meetings to drive a consistent message. While it's important to communicate thoroughly and introduce new ideas, don't overload employees. Strike the right balance in what, how and when you communicate.
- Anticipate a rush. The most diligent of employees will call on the first morning open enrollment begins. Plan accordingly by having the necessary staff in place. But don't slack off, because 75 percent of all enrollments are done in the last three days, due to procrastinating employees.
- Select reasonable enrollment deadlines. Make sure you're giving employees reasonable business-related deadlines, such as a Wednesday at 5 p.m. This approach will also give you the opportunity to remind them the day before and reduce the likelihood of a last-minute stampede. Setting deadlines on a Friday, a holiday or at midnight will only increase problems.
- Be available. Even if you have provided self-service options, people still like to talk to a live person during open enrollment. Set up and review a set of FAQs that cover what are likely to be common questions.
- Personalize. People relate much better to examples relevant to their situations than to abstract concepts. It helps to provide testimonials from other people in similar circumstances or to offer tools that allow employees to model and make decisions based on their own circumstances.
- Be honest and direct. Are costs increasing? Benefits shrinking? Be frank. At a minimum, ensure employees fully understand the 5 C's of enrollment—cost, coverage, changes to plans, comparisons to the previous year's plans and current options. Be clear with employees on the actions they need to take.
- Expect pushback. In response to continued healthcare cost increases, you may be preparing to communicate aggressive health benefit changes to employees. If so, expect noise. Think of it this way: If all is quiet, you haven't done your job.

Collect the Wisdom

This year's enrollment information can help you properly plan for the next open enrollment period. Did the high-deductible plan gain in popularity? Did employees sign up for plans that offered more choice? What were the questions, snafus and bottlenecks? That's powerful information for future action. Gather data to help you learn about employees' desires and predispositions — by job title, region, etc. — as well as to determine what your team can do better next time.

Rather than concentrating all your benefit communication efforts at open enrollment, consider making benefit communications a year-round project. Holding seminars and Q&A sessions throughout the year will help your employees better understand how their benefits work — and help them appreciate them more. Brief but regular communications, whether by newsletter or video, can also help reinforce the value of your benefits program and help your employees be better educated when open enrollment rolls around again. For suggestions on creating or improving a benefits education program, please contact us.

bursement for lost wages.

For a modest cost per employee, organizations can avoid the productivity losses that result when victims must spend time and resources to clear their names. Please call us for more information.

Mental Health: Heal the Mind, Heal the Body

More than one in five American adults lives with a diagnosable, treatable mental health condition but can live full and productive lives. A properly structured benefit program can support the very real link between mental health and overall wellness.

Employers that offer health benefits typically include some level of mental health care in their benefits package. Now that many employers are forced to cut costs, cutting back on mental health benefits might sound tempting. However, scaling back mental health benefits may raise health costs in the long term for the 22 percent of adults in the U.S. who suffer from a diagnosable mental health disorder, according to the National Institute of Mental Health.

The Mental-Physical Connection

The most common mental health disorders that arise in the workplace are anxiety and depression. Yet mental problems often present themselves as physical problems, and employees are more likely to seek assistance for a physical problem. Studies have shown that if workers don't get the treatment needed for their underlying condition, they use a lot of services they don't need. A medical doctor may not be able to determine what is wrong with a patient and will do a battery of expensive tests because he/she doesn't want to miss anything. The end result? Physical healthcare can cost a whole lot more when mental health benefits are not available.

Further, employees who have ready access to good mental health benefits are less likely to be out on disability leave. Employees on behavioral health disability tend to stay out longer than those with any other condition, says the Society for Human Resource Management (SHRM).

Untreated behavioral illnesses can have other consequences as well. Not only can productivity drop, but mental illnesses such as depression also can compromise employee safety.

Many employers have developed cost-sharing structures to encourage workers to use mental health benefits, including eliminating employee out-of-pocket expenses for initial consultations or employee assistance program (EAP) services. EAPs can offer a wide range of mental health-related services. Some companies have on-site EAPs, providing free counseling in the workplace, while others believe employees are more likely to use an EAP when it is located off-site. Benefits managers often characterize their EAP as a gateway to services, rather than the traditional gatekeeper that limits access to services. EAPs can often serve as a direct link to the benefit plan's network of mental health providers.

To improve employee access to mental health services, consider the following best practices in benefit design, plan management, monitoring and evaluation:

continued on next page

Benefit design. Analyze the characteristics of your company's workforce. Look at gender, age, type of profession, etc. to identify any special mental health needs unique to your employee populations — then structure your benefits plan accordingly. Offer a wide variety of physical and mental health work-site wellness programs to help your employees balance work and home life.

Consider on-site counseling or psychiatric care, including consultative and administrative services such as case management, patient advocacy and general advice about the company's benefits plan. Customize a network of mental health specialists based on employee preference and past claims data.

Plan management. Take an active role in directly managing both plans and vendors. Be sure to clearly communicate the company's approach to mental health benefits to insurers, EAP vendors and providers, who frequently focus only on controlling costs. In addition to managing multiple vendors, employers must integrate data from a variety of vendor database systems that may not be compatible with the company's system.

Monitoring and evaluation. Evaluate plan options regularly and work to improve inadequacies. Use performance data to assess the relationship between access to services and employee productivity and health care costs. Establish a mechanism to monitor disability and absenteeism to determine the link between increased mental health spending and decreased employee health problems.

Employee feedback should play a significant role in shaping design and influencing policies. Assess employee satisfaction to improve areas of poor performance and be willing to change policies based on employee complaints. Solicit employee input through focus groups and direct interviews.

By offering comprehensive mental health benefits, your company communicates a corporate culture that emphasizes the value of investing in employee wellness. Meeting the mental health needs of your employees produces long-term savings by decreasing employee health costs, increasing productivity and reducing absenteeism. So you'll not only have a healthy workforce, but a healthy bottom line as well. If you would like assistance with your mental health benefits program, please contact us. ■

Avoid Nondiscrimination Nightmares by Increasing Retirement Plan Participation

You might have the best retirement plan available, but if employees aren't participating, what's it worth? The following plan changes could make your plan more attractive to all employees.

Nondiscrimination rules prohibit top-heavy plans, or plans that involve too many high-income earners and not enough low income earners. It's usually easier for high-income employees to set money aside because they have more free cash. Low-income earners often have to make tougher decisions, such as whether to save a little this pay day or to make the rent or mortgage payment on time.

So what can you do to encourage your employees — all of them — to commit to a retirement savings program?

1 Offer a 401(k) plan and discuss its advantages:

- Contributions are made with pre-tax dollars, which lowers the income tax bill each year. Earnings are not taxed until they are withdrawn, and since many employees move to a lower tax bracket after retirement, taxes will take a smaller bite then.
- Matching employer contributions, if you decide to make them, help employees' savings grow faster.
- Automatic payroll deduction makes saving easy. Employees have only one advertised chance a year to decide not to save for retirement. If they are saving on their own, they have a chance to make the wrong decision every pay day.

continued on next page

2 Offer automatic enrollment. Enrolling employees automatically in a 401(k) plan essentially switches the retirement savings decision from opt-in to opt-out. The U.S. Treasury Department notes that this creates a "positive presumption" in favor of saving — even though the employee must be given adequate notice and an opportunity to opt out. The Treasury Department says case studies show that automatic enrollment has a positive effect on participation — particularly among low- and moderate-income workers.

Unless employees decide to make their own investment decisions, contributions are invested according to program terms.

3 Make it simpler to borrow against the plan. 401(k) plans have a loan provision that allows investors to borrow against their savings in times of need. While financial experts generally say that borrowing against a 401(k) works against the ultimate goal of saving for retirement, the ability to borrow cash from yourself can be a lifesaver.

And knowing the money is not locked up until they reach a certain age may encourage people to save. In fact, a study by the federal Government Accountability Office showed that allowing loans increased participation in 401(k)s and increased the size of contributions, particularly among lower-income employees.

4 Give them confidence with a lifecycle fund. Selecting among funds to create and maintain diversity of risk can be a daunting task for employees, even with the narrowed choices of a typical 401(k) plan.

Lifecycle funds relieve some of the pressure. These are 401(k) funds that automatically diversify a participant's assets according to a planned retirement date.

There are two types of lifecycle funds. In a **target-date fund**, a manager, using a standard defined by the plan, gradually shifts investments from aggressive to conservative as the employee ages. In a **target-risk lifecycle fund**, the employee/investor decides the level of risk he wants in the fund and the manager adjusts the holdings to create that risk. The employee can ask that the risk level be changed as time goes by.

Lifecycle funds do have drawbacks, and their one-size-fits-all approach might not work for certain individuals. Still, employees intimidated by the selection process might find lifecycle funds an inducement to save. And savings — even with drawbacks — are better than no savings at all.

For more information on making your company's retirement plan more attractive to employees, please contact us.

Help Your Employees Avoid Identity Theft

A vendor survey found that 39 percent of employees want to buy identity theft insurance through their employer. Are you providing this valuable benefit?

Identity theft occurs when someone uses another person's personal identifying information without authorization to open charge accounts, order merchandise or borrow money. Victims of identity fraud lose money, their reputation and their credit rating, which can hinder their ability to borrow money or find a job.

Identity theft victims spend an average of 50 to 175 hours restoring their name and credit history, according to data from California Public Interest Research. Offering your employees identity theft protection can help reduce the financial and physical toll of dealing with identity theft.

Types of Identity Theft Protection

Identity theft protection takes two forms: identity theft insurance, and non-insurance identity theft protection programs. Insurers often bundle identity theft coverage into other programs, including some homeowners insurance programs. Some offer identity theft insurance as a standalone policy available on a voluntary (employee-paid) basis. And some prepaid legal plans — available on a voluntary basis — also include services to help members deal with identity theft.

An identity theft insurance program typically reimburses victims of identity theft for any expenses they incur to correct their credit record. These can include phone, notary and certified mail costs. Some policies also provide some coverage of lost wages resulting from taking time off to deal with identity theft. Many cover attorney fees, subject to policy conditions and limits, and offer professional assistance to help plan members restore their credit. Most will not reimburse insureds for direct monetary losses due to identity theft.

Non-insured identity theft protection plans typically offer services designed to detect identity theft early and minimize any resulting losses. These include credit monitoring and notification services; some plans also provide reimbursement or coverage for costs of repairing credit records.

Many programs offer both types of protection: credit monitoring services for early detection, and insurance to cover the costs of dealing with and correcting identity theft. We can provide information and enroll your employees at no cost to your organization. ■

Employee Benefits Report